



VIA FAX

October 12, 2001

Senator John Kerry
ATTN: Nelson Reyneri
304 Senate Russell Building
Washington, DC 20510

Dear Senator Kerry:

We commend you on your legislative initiative. Our coalition of National Tour Association, American Bus Association, United States Tour Operator Association, and United Motorcoach Association enthusiastically joins in support of S. 1499. Following, are the coalition's total legislative action proposals. Number one is immediate access to emergency loan guarantee relief. Thank you for launching your vital rescue legislation.

Peter Pantuso, President & CEO
American Bus Association

Bob Whitley, President
United States Tour Operator Association

Victor Parra, CEO
United Motorcoach Association

Hank Phillips, President
National Tour Association

Enc:

PACKAGE TRAVEL SMALL BUSINESS RELIEF ACT



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Crisis Need Summary: Prior to the devastating events of September 11, 2001, the packaged travel industry was a major contributor to the economic vitality of our nation. The transportation component for group travel is \$32 billion* (\$5 billion for the motorcoach/bus segment) and is responsible for transporting 774 million US passengers annually, providing service to nearly every community nationwide. Eighty-five percent of National Tour Association operators fall within SBA's definition of "small business." The horrific events of September 11, 2001 have produced dramatic business crisis losses to the tour/motorcoach industries. According to preliminary data compiled by NTA,** the tour operator companies have experienced losses in excess of \$70,800,000, with 57 United States Tour Operator Association members incurring over \$30 million in losses directly related to international trip cancellations. The mounting international and domestic group cancellations of charter and tour buses (without alternative business options available to airlines, hotel and cruise lines) have impaired the ability of motorcoach mobilization, a vital transportation link that millions of Americans have come to rely on. Further, in rural America and areas with light passenger traffic, bus transportation can only continue to be economically viable if the motorcoach owners/operators can continue to rely on income from the charter and tour business.

Therefore, the nation's tour and motorcoach industries appeal directly to the Small Business Administration and the US Congress to provide economic relief/salvation in the following specific areas.

Low Interest Loan/Loan Guarantee Program: The economic disruptions described above have imperiled the ability of tour operators/motorcoach owners to renew, extend, or obtain lines of credit and other financing, particularly for those operators/owners whose lines of credit are expiring in the next six to twelve months. The lenders may well have grave reservations about renewing that credit, given the specific immediate losses and the overall economic downturn/recession climate.

Therefore, the coalition urges that \$250 million be set aside for a low interest loan/loan guarantee program for the tour/motorcoach owners. This

* NTA Package Travel Study (2001)

** NTA Membership Survey (Sept. 2001)

program could be administered by the SBA, or a comparable agency using guidelines and procedures already established, but must not be restricted to companies located within disaster areas only. This loan will help provide concrete motivation for the lenders to work with the operator/owners to help them through this difficult period with loan extension.

Targeted Tax Relief: Exemption for the \$.074 Federal Tax on Diesel for Motorcoaches: The industry uses approximately 370 million gallons of fuel per year. An exemption would therefore yield a saving of \$26.6 million annually. School buses and transit buses are already totally exempt from this burdensome tax. During this time of economic crisis, we must employ every practical means possible to cut operating costs.

Tax on Tour Operator Deposits Statutory Clarification: Legislation is pending to rectify this problem. That bill is HR 2618. This legislation clarifies the IRS policy and applies generally accepted accounting practice to ensure that tour operator deposit will only be taxed when the tour takes place, not when money is received. With the huge number of charter/tour cancellations, the imposition of this tax policy could put hundreds of smaller tour operators out of business.

Preserve Insurance Protection: A distressing problem has been instituted by some US insurers who are using the "war risk" clause in liability policies to cancel those policies. This could be a business killer, depriving the needy, elderly and students of their only group travel option. A possible solution to this cancellation problem would be to have the federal government underwrite the "war risk" clause in the policies.

Security: Industry facilities and procedures must be upgraded and, in some cases, expanded to both ensure the security of the traveling public and to restore public confidence in tourism. A tourism security infrastructure program would provide travel-related business with funds to develop and acquire enhanced security systems, given the new threats they face.

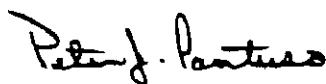
Federal Role in Safety and Travel Education/Promotion:

Problem Statement: An NTA survey of tour operators *** concluded that 90% of operators have experienced cancellation related to terrorist infamies. Seventy-eight percent have experienced slowed bookings. Ninety-four percent of tour operators report that the reason for these cancellations is "fear." This is specifically true of New York City (63%) and Washington, DC (53%).

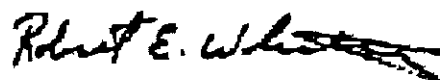
There must be a federal role in confronting this crisis in traveler confidence.

- Reactivate the Tourism Policy Council and ensure this council has specific representation on the recently created Homeland Defense Council to wade in on the tourism safety and security issues.
- Public/private partnership to produce public service announcements and educational outreach.
- Federal government initiative to ensure that all national and historic landmarks are reopened to the traveling public with appropriate security measures in place.

The above information is provided by all four of our motorcoach/tour organizations.



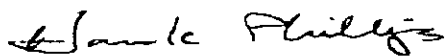
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